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EMERGENCY EDITION

The Economist

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We have attempted with this emergency issue of The Economist *to reach all our readers and to give them slightly better value for their shilling. Its shortcomings, all the same, are painfully obvious, and we cannot hope so long as the dispute in the London printing trade lasts to record and comment on more than a small fraction of the events that would demand attention in normal conditions.*

We are grateful to readers for their understanding of our difficulties and are doing all we can, under conditions of frustration never known before in periodical publishing, to give them the best service. So long as the present obscurity lasts, we hope they will accept a substitute edition and pardon its limitations.

ACROSS THE PARALLEL

The question whether or not the United Nations forces should come to a halt at the 38th parallel and call the North Koreans to a parley is becoming academic. The parallel has been crossed and South Korean forces are advancing rapidly on a broad front. Unless by some unlikely miracle the North Korean command agrees to General MacArthur's call to surrender and lays down its arms, a new phase of warfare threatens in the difficult country in the north; even if full scale fighting does not break out again, a long period of guerrilla warfare seems to be ahead with all the opportunities it offers for veiled intervention by the Chinese Communists. If the first and most dangerous phase of the Korean incident is over, a new and hazardous one opens. The United Nations will need all its strength, unity and diplomacy to succeed as well as it did in the South - first in grim defence and then in lightning victory.

The essential first step is speedy agreement upon peace terms for Korea. That the Russians hope much from confusion and delay has already been shown by Mr Vyshinsky's proposals to the Political Committee of the General Assembly. These purport to show a spirit of compromise by various references to the role of the United Nations in Korea, but they would in fact leave the authority of the North Koreans intact and amount to no more than a return to the *status quo ante* June 25th. At all costs the Soviets and their satellites must be prevented from succeeding in a prolonged filibuster and the British proposals for a Korean settlement - which are also sponsored by eight other nations - must be brought to the vote.

These proposals undoubtedly provide a possible basis for pacification. They aim at the unification of Korea, the holding of new elections under the control of the United Nations and the economic rehabilitation of the country under the auspices of a new and enlarged United Nations Commission. Such a settlement might reasonably be completed by declaring Korea to be a neutral buffer state under permanent United Nations military protection. The Great Powers could undertake to maintain no bases or garrisons of any sort - the United States has already asked that its troops should be withdrawn as soon as possible - and local defence could be maintained by a *gendarmerie* under United Nations command and drawn from the smaller powers. Such provisions would meet any objections that might be put forward by Korea's nearest neighbour, Communist China.

At the same time, the more speedily Peking can be admitted to the counsels of the United Nations, the better will be the chance of achieving some permanent settlement - as opposed to a precarious truce - in Korea. It is quite uncertain whether Communist China is prepared to play the good neighbour, but as long as it is excluded from the community of nations, so long will it be tempted to behave

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like any outlaw. The fears and hesitations of India are also given fresh impetus. Pandit Nehru's unwillingness to sponsor the British proposals for Korea undoubtedly springs from his fear - no doubt underlined with considerable emphasis by his ambassador in Peking -- lest a crossing of the 38th parallel should involve direct Chinese intervention. It may be too late to allay that particular apprehension, but all reasonable steps should be taken in other directions to mollify this influential and restive representative of Asiatic opinion.

Fortunately, there is a chance to do so. The Security Council has now decided that after November 15th, the Peking Government shall be heard on the issue of Formosa. This tentative admission that the Peking government exists could lead speedily to full recognition of Communist China and conceivably to its association with the proposed Commission for Korea. The United Nations cannot be expected to go to unreasonable lengths to satisfy Pandit Nehru's hesitations. To stop short at the parallel and leave the aggressors in the north time and opportunity to reform their defences and to confuse the unity of world opinion would not solve the Korean problem. On the contrary, it would make its recurrence certain. But to seek by every means to make Korea a neutral, peaceful buffer state and to convince the Far Eastern governments that the Western powers are not seeking special positions or 'imperialist advantages' under a cover provided by the United Nations is as much in the interest of the West as of China or India itself. Western intervention is still suspect. Three hundred years of history cannot be wiped out overnight. Everything that can be done to meet China's legitimate interests must in the interests of East and West be attempted.

None of these proposals guarantees success in the difficult and dangerous phase of combined military action and diplomacy that lies ahead. Even though China has not intervened already, it does not follow that intervention will not take place if Korea's northern territory is decisively breached. The bait of United Nations recognition and influence may be less potent than fear of 'the armies of imperialism' arriving on the Manchurian frontier. And behind these immediate hazards lies another and even more uncertain problem - the capacity of the United Nations, even with the most generous economic backing from the West, to establish settled and stable conditions in Korea itself. Since the withdrawal of Western colonialism, no really stable order has appeared in Asia save the rigidity of Communist totalitarianism. The 'democratic' solution to the problem of weak Asian states in their new-found independence has yet to be worked out. Korea can perhaps be made a new model, a first successful experiment. Certainly no venture is better worth undertaking. But the Western powers will assist the United Nations in its task if they realise how uncharted are the ways that must be broken.

Labour and Socialism

This week the Labour party has been holding the annual conference that marks the jubilee of its political existence. In the eighteen months that have intervened since the last conference much has happened that was bound to produce a sharp contrast between the temper of the two gatherings. Last year at Blackpool the Labour delegates were principally concerned with a threatened decline in exports and with fears of unemployment and they had a general election to win in 1950. At Margate, the setting has been quite different. Fear of unemployment, first allayed by the effects of devaluation, has been set aside by the rearmament programme. February's election results, at first such a shock to the Labour Party, showed that a large part of the tremendous gains of 1945 had still been held. It is the implications of rearmament and the problem of winning the next election that now provide the main focus of interest.

The other significant difference lies in the greater degree of harmony, idealism and general goodfellowship evident at this year's conference. There were two good reasons for supposing that such a spirit might not prevail. In the first place, it seemed likely that rearmament, and all that is implied in the pursuit of a tough policy in company with capitalist America towards the heirs of the 1917 revolution, would revive all the latent prejudices and fears of Labour supporters. In the second place, the conference assembled under the shadow of a much publicised rumour of a reopening of the old quarrel between Mr Morrison and Mr Aneurin Bevan.

In the event neither of these factors proved of any great importance. There has been no serious opposition to the rearmament programme, simply because the logic of events makes it impossible for any democratic Socialist - except for the small body of convinced pacifists - to oppose a policy of armed resistance to Soviet aggression without crossing the watershed into the camp of the Communists. It needed only the bluff introduction of Mr Sam Watson, the president of the conference, and Mr Attlee's dispassionate exposition (which by its reception proved how much he has grown in the estimation of his party) to convince the waverers.

The second cause of disquiet, the possibility of a split between the right and left wings of the party also proved a chimera. Serious rows within the party are a luxury that can be afforded only when Labour has a sizeable majority in the House of Commons. If the delegates needed any reminder of the insecurity of the Labour party's majority it

was provided by the publication in the *News Chronicle* on Wednesday of the latest findings of the Gallup Poll which suggest that the Labour Party stands exactly where it stood in February, with 46 per cent of the popular vote. In the second place, Mr Bevan does not possess the necessary following to set up a rival faction to Mr Morrison. The fervid acclamation which he received on Wednesday was a tribute to his personal powers as an orator, not as a statesman; there are very few Labour delegates who are prepared to stake the party's future on Mr Bevan's brand of radicalism or on his estimate of the necessity for an immediate election. (The same Gallup Poll shows that 83 per cent of those who intend to vote Labour wish the Government to carry on for the time being). Mr Bevan's role is to put galvanic energy into the Labour party and it is becoming clear, even to Labour delegates, that he is not the man to expand its influence. The delegates, having forced upon the executive a resolution demanding the curbing of prices and profits (which if taken seriously by the Executive in its *alter ego* as the Cabinet, would be virtually impossible to translate into democratic legislation), did not exert strong pressure for the immediate prosecution of further nationalisation measures, a capital levy or the other nostrums of the extreme left-wing.

The debate on Wednesday on the Labour Party's tentative electoral programme 'Labour and the New Society' was by far the most interesting. The document is written in the most general terms, even as a statement of Labour principles, but the debate gave the Labour movement a chance to examine its collective soul. Previous debates on policy documents at Labour party conferences have generally degenerated into sharp encounters between the delegates and the executive upon the permissible limits of immediate political policy, but this year the conference was clearly engaged in the search for new ideas. The party's difficulty is that serious social and economic thinkers have, with a few exceptions, turned against political Socialism, and Labour is left without the spring of ideas upon which it used to rely. The only conception that commands general support is the well intentioned - but patronising and bogus - idea that Socialism is a 'way of life'. This idea is supported by such generalisations that the family is the basis of organisation and that cooperation or the service of the state can satisfy the highest needs of man. The danger of the Morrison approach to the public is that Labour policy may end up as a mere 'all things to everybody', an appeal to all just men - or as Mr Morrison prefers to 'the useful people.' This is nothing more than Chamberlain conservatism stood on its head.

The chasm that yawns between political good intentions and political reality has been strikingly illustrated by the references of the leaders of the Labour party to colonial development and international action. It is evident that since Labour policy at home has entered into the dusty arena of reality, an attempt is being made to rekindle the faith of the faithful by painting an all too glowing picture of what socialist action can do abroad. Mr Bevan, the Prime Minister, and other delegates who spoke in the same vein seemed to be engaged in formulating a new version of President Truman's Point Four - a vision of Labour as the emancipator of the depressed classes of Asia. This makes little sense given the strains on Britain's capital resources, and is hardly to be distinguished from 'capitalist' American ideas; the main difference is that the Americans may have the resources to bridge the gap between ideas and reality.

The annual conference of a political party provides the opportunity to seek the answer to two questions. First, has the party the necessary vitality and unity to give it a claim to victory in the unending struggle for political power? Margate has shown clearly that for the Labour Party the answer is Yes. The years in office have shorn the Labour Party of its feeling of encirclement and inferiority and have imparted to both its leaders and its rank and file a feeling of confidence which comes dangerously near to complacency. The angry internal bickerings so evident at Margate in 1947 have for the moment subsided.

But if it be asked whether the Labour Party possesses the energy and courage to tackle the immediate problems which confront it, the answer must be in the negative. On all the questions of economic policy at home it has not moved a single inch. It offers nationalisation and more soaking of the rich as an answer to the inflationary forces that its own policies have done so much to encourage. If Labour is to stand for all the people it must find a new economics that will assist its social purposes but will leave full room for enterprise.

Books for the People

As a relaxation from manual labour, a corrective for habits of intemperance, supplying repose to the body and a stimulus to the mind, no amusement is equal to reading. Our people are great readers, and they have now great subjects to invite their attention. The use to be made then, and actually making of their easy circumstances, is to enlarge and acquire knowledge. At present, mental development - like that railway travelling which all classes share, to the manifest polish of the manners of all - is extremely rapid; and those misapprehend society and counsel the people amiss, who would divert them from the course of improvement they have entered on to become something like pauper occupants of small allotments of land, or inhabitants of self-sustaining villages.

The Economist

October 5, 1850

NOTES OF THE WEEK

Strikes and the Law

The Government has at last acted in the gas strike. Summonses have been issued against ten employees of the North Thames Gas Board under an old Act of 1875 which makes it an offence for employees of gas or water undertakings to break their contracts in the knowledge that consumers will be deprived of their supplies. The summonses will have been heard on Thursday, after *The Economist* has gone to press, but it will be interesting, to say the least, to see whether this attempt to impose some legal restraint on irresponsible and unofficial strikers is successful.

The reaction of other trade unionists to the Government's action is a matter of even greater importance. Political considerations have far too often been allowed to outweigh the need for proper legal safeguards in trade disputes in recent years. Workers and their unions should not be allowed to continue to assume that they are beyond the law, that a strike is sacred regardless of its nature, its causes, or its consequences. If the gas workers do not accept the Government's action against the leaders of the unofficial strike, they will seriously jeopardise the public standing of their own union and of the trade union movement as a whole.

Liberals Fight On

The Liberal party, at its annual assembly, rejected with greater emphasis than had been expected the idea of a united front or an electoral alliance with the Conservatives. The resolution which the assembly passed last Saturday expressed strong opposition to any agreements that would in any way limit the number of Liberal candidates put forward. The terms of the resolution are sufficiently stringent not only to make it impossible for the Liberal leaders to contemplate any national arrangement with the Tories, but also to rule out any regional arrangements, such as the "Huddersfield formula" of last February, which gave the Liberals a straight fight in Huddersfield West in return for their withdrawal in the East. The resolution does not, however, have the force of an absolute fiat. Local Liberal associations have an unquestioned right to make any arrangements in their constituencies which they may consider advantageous, and there appear to be a number of Liberal candidates who have hopes of getting a straight fight on the basis of being the lesser evil to one of the two other parties.

The Liberals have now committed themselves to what can only be a long and arduous struggle to break out of their small bridgehead of nine constituencies and advance into new territories. Their only hope of outside aid, as discussed by Mr Philip Fothergill in an admirable presidential address, is at present a remote one, the hiving off of the Liberal element in the two main parties and their union with the Liberal party. In the meantime the Liberal party will continue to champion liberal causes - particularly that of civil liberty. It is a courageous and a correct decision, but it will depend for its political effectiveness upon the degree to which the Liberal leaders can retain the loyalty and augment the numbers of the 2,600,000 people who voted Liberal last February. To this end it will be necessary to consider with great care the nature and aims of Liberal policy and propaganda so as to embrace the whole of liberal opinion, and not only the radical wing, whose outspokenness at Scarborough may have given a false impression of the tenor of feeling and opinion among Liberals as a whole.

Aid for Asia

The fundamental problem to which the Commonwealth Conference on economic aid for southern Asia has not found a solution is that of the relationship between the givers and receivers of aid. This question of relationship, in fact, dominates the future all over non-Communist Asia. The old basis on which westerners lived in many parts of the Orient has gone, with the rise of acute national feeling and the emergence of various grades of political emancipation. But no new basis for it has yet been established. So, although the Conference was concerned solely with economic problems, it ran into considerable trouble because of this political difficulty. Neither Burma nor Indonesia were prepared to commit themselves unreservedly even to the objects of the conference, although both stood to gain if these objects could be attained. Yet in Indonesia particularly this hesitation may be readily understood. During this, the very first year of their country's hard-won independence, many Indonesians do not see how they can be expected to 'join' what appears to be a Commonwealth bloc and yet remain free.

The new relationship between west and east, when it comes into being, should almost certainly be based on that of the expert and technician to the director and partner. The expert must be the westerner for a good many years to come; indeed, a large part of the task of the Commonwealth Conference has been to make plans for giving southern Asia the benefit of western 'know-how', as well as providing the liquid capital and resources to use it. The director, on the other hand, must now be the Asian. He must take the responsibility and make the decisions. That is implicit in the freedom for which he has

been struggling so hard during the last few years. On this basis - and this alone - the plans which will emerge from the Commonwealth Conference have every prospect of making a decisive contribution to the prosperity of southern Asia during the next six years. The scale of the expected effort is indicated by the investment figure of about £1,900 million which is reported to be needed if any appreciable effect is to be obtained in raising present standards of living.

Viet Nam Fighting grows

After Korea, Indo-China has looked for some time like the next most probable scene of sharp fighting in the Far East. Two weeks ago the rebel Communist-led Viet Minh forces seized a key French frontier fort, Dong-Khe, in the Chinese border region between the garrison towns of Langson and Kao-bank, heavily infiltrated by the rebels. This dangerously successful attack preceded, no doubt intentionally, a carefully prepared French offensive launched this week against one of the rebels' chief centres, Thai-Nguyen. Forty miles north of Hanoi, this has been a key Viet Minh town since its leader, Ho Chi-minh, set up his first capital there in 1944. A strategic point where roads and canals meet, Thai-Nguyen is also situated in the middle of an important rice-growing area which it has for some time been part of a systematic French policy to deny to the enemy.

The danger of Communist success in the Red River valley of North Viet Nam has lately increased owing to the arms and training which the Viet Minh has been receiving from Communist China; in the other delta area where rebel strength is serious, that of the Mekong in South Viet Nam, the rebels are reported to be losing ground. The Communist defeat in Korea will have a sobering effect on opinion throughout South East Asia. But while this may help to gather further support for the French-backed anti-Communist regime of Bao Dai, Indo-China is likely to prove a place where the Communist powers may well try to retrieve their fortunes. If so, and even without an overt Chinese invasion, the French need urgently every ounce of help the Americans are beginning to give them. They, for their part, must maintain momentum in the transfer of real political power to Bao Dai.

Humility over Groundnuts

The Overseas Food Corporation has decided to accept the recommendations of its working party on the future size and scope of its operations at Kongwa. The most important of these is that for a three year period, beginning with the new planting season at the end of the year, the cultivation of groundnuts and sorghum should be confined to four independent farms making up a total of no more than 1,200 acres while the rest of the cleared area should be used for ranching cattle. This is a very modest programme compared to the original project of clearing and planting 450,000 acres. It is small even by comparison with the 94,000 acres which have already been cleared. The figures of costs produced by the working party which reveal that during the last year it cost £600,000 to produce £100,000 of crops (the greater part of this being due to the failure of the sunflower harvest) show how unjustified would have been any attempt to continue planting over a large area.

The corporation has at last recognised that the right way of cultivating crops at Kongwa has not yet been found. If this spirit of humility had been present from the start, if political, technical and social factors had not become inextricably confused, if in the name of science the most unscientific approach had not been adopted, the story of the groundnuts scheme might have been a different one. Now that the scheme is to be altered into a few modest experimental farms, with no pretensions to place a vast quantity of edible fats upon the world market, it remains to be considered whether it is worth keeping the scheme within the grandiose framework of the Overseas Food Corporation. The Corporation has for the moment resisted the idea that Kongwa should be placed under a separate company; but the Government itself should consider whether it would not be better to write off the capital that has been wasted, and to hand over the capital that still exists in the form of building, hospitals and machinery to the Tanganyika Government.

Wisdom or Witch-hunt?

On Monday, the Middlesex County Education Committee took a step which deserves the gravest consideration. In the face of strong opposition from the Labour representatives, the Committee decided that, in future, membership of, or close association with, the Communist or Fascist parties should debar teachers from appointments as headmasters, principals of technical colleges or members of the staffs of training colleges. The question arose from the proposed appointment to a headship of a man subsequently found to be an active Communist.

There should be no doubt about the gravity of the point at issue. This is the first time that political discrimination in the schools has been made a matter of public policy, and such an interference with the principles of civil liberty must be examined with the most searching care and honesty. To penalise any Englishman for his connection with a political party and to deny him his prospects of promotion can only be justified if to do otherwise would jeopardise the safety of the state or threaten the welfare of those in his charge. The question at issue is whether the appointment of a Communist as the headmaster of a school constitutes such a threat to the independence of his staff and the right of the children to be instructed in the truth.

It has been argued that as teachers are

not permitted to introduce political bias into their teaching any Communist teacher who misused his position could be dismissed. But allegations of bias are extremely difficult to prove and are dependent on the willingness of parents to complain to higher authority about a headmaster's actions, or opinions. Few Communist teachers at the present time would risk any overt political actions, and even if they did, the whole process of dismissal would involve a highly undesirable technique of denunciation and tale bearing.

It is difficult to resist the conclusion that it would be gratuitously asking for trouble to put at the head of a school an individual whose political beliefs involve the overthrow of liberty and democratic institutions, and whose party is prepared to pursue its ends by means which are amoral, illegal and dishonest. If, however, wisdom dictates this policy of limited discrimination it must not be allowed to lead to a witch-hunt. The most rigorous safeguards are required to prevent victimisation and abuse.

Berlin - Symbol of the West

Ever since the days of the air-lift, Berlin has remained the most dramatic city in Europe. Something about this free enclave in a territory which is, to all intents and purposes, part of the Soviet Union catches the imagination, even of civil servants. Last Sunday, Mr Harold Wilson and Lord Henderson, flying the 570 miles to Berlin in 90 minutes, in the Comet jet airliner piloted by Group Captain Cunningham, showed that they had caught the right spirit. They redeemed the rather belated British participation in a big industrial fair which Berlin has organised, as visible evidence of the fact that in the last six months its production has doubled. As part of the symbolism of the occasion, Mr Wilson and Dr. Erhard signed the agreed minute on Anglo-German trade, which is to liberalise exchanges between the two countries.

The citizens heard a message from Mr Bevin, and Mr Paul Hoffman read an assurance from President Truman that American aid would continue. American funds and energy have played a large part in rescuing the city's economy from the disastrous situation of last winter. These pledges follow the even more significant warning given to Moscow by the Foreign Ministers in New York last month, that in Berlin, as in the Federal Republic, any attack from the Soviet Zone would be regarded as an attack upon themselves.

At Sunday's ceremonies the city, without its Eastern rump, was formally granted a constitution which makes it in form, though not in law, a twelfth *Land* of the Federal Republic. President Heuss and Dr. Erhard indicated by their presence that the shameful neglect of Berlin by Western Germany is a thing of the past.

Damp Squib in the Ruhr

The east German 'National Front' chose last week-end for its first trial of strength with the police of the Ruhr, and failed badly. Communist stock is low in the industrial towns of western Germany; and whatever interest there might have been in watching demonstrations for peace by members of the 'Free German Youth', on excursion from the Soviet Zone, was damped by the rain and forestalled by energetic police action. Indeed, the Communists may now be wondering whether it was wise to make such a challenge for such a trivial result. They have succeeded merely in strengthening the self-confidence of the police in the states, in demonstrating that traffic out of the Soviet Zone can be more strictly checked than they expected, and in associating the 'Free German Youth' with memories of the storm troopers' brawling of twenty years ago.

For the Federal Republic it is, indeed, important that the police should deal efficiently and the courts justly with political disorder. Should they fail, rival gangs might see their opportunity to deal with the Communists to the tune of the Horst Wessel song. It will be interesting to see what legal action is taken against the excursionists from the east. If the nuisance of their visits persists, it might be wise to sentence those against whom breaches of the peace can be proved to a short spell of detention in quarters where they could hear free speech, form their own impressions of democratic Germany and shake off some of the evil spell that has been cast on them by their Soviet patrons. There is a chance here for imaginative enterprise in which Germans and British might well work together.

Improving on Korea

There can be no excuse for failing to recognise the gravity of Moscow's aims in Germany, however far the results fall short of the goal. During the current election campaign the Soviet German leaders, who worry as little about their metaphors as their principles, constantly proclaim that their essential task it to 'liberate' Western Germany, 'the keystone of the Anglo-American war conspiracy'. It is to be accomplished some day by the resistance movement that was launched from Herr Ulbricht's rostrum at the Socialist Unity Party Congress last July. And President Pieck has openly announced his pledge that, should resistance lead to war, the German Democratic Republic would fight on the side of 'the camp of peace led by the Soviet Union'.

Further preparations for the day - which may well be several years distant in the Russian calendar - have recently been made. The support of the other satellites has been promised in treaties signed last month with

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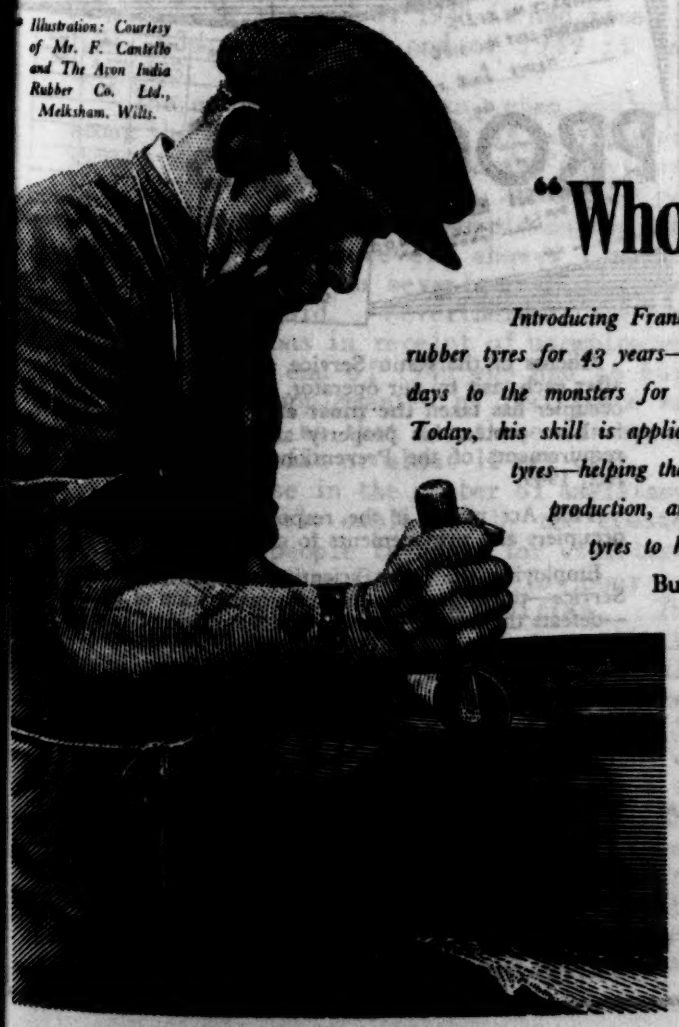

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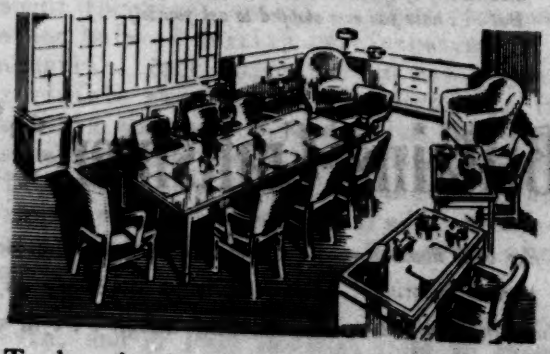

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Bulgaria and Rumania, which follow treaties made with Poland, Czechoslovakia and Hungary earlier in the year. Moreover, an attempt has been made to establish in advance a legalistic basis for the Soviet German campaign. In a statement on the decisions taken by the Western Foreign Ministers, which Herr Dertinger, the 'Foreign Minister' of the Democratic Republic, summoned the military representatives of the People's Democracies to hear, it was formally laid down that the presence of Western armies in Germany represents 'intervention'. And legal experts in the Soviet Union and Poland have already announced their finding that intervention in a civil war should not be supported by the United Nations Security Council. The stage is being set for an improved Korea in Germany.

Assistance Payments

As was expected, the report of the National Assistance Board, covering the calendar year 1949 (Cmd 8030), shows a further rise in the number of assistance payments. Before July 5, 1948, the board was making 543,464 payments, the great majority being supplementary pensions. At the same time, the local authorities were paying, under the poor law, rather more than 200,000 allowances; in addition they were paying nearly 40,000 blind persons' allowances and nearly 20,000 tuberculosis treatment allowances. Altogether, therefore, on the appointed day, the board was responsible for some 803,464 payments. Three weeks later, the figure had risen to 842,304. By the end of 1948 it had risen to 1,011,034, and by the end of 1949 it was 1,157,403.

The number of payments, when analysed among the different classes of assistance, shows a fairly consistent rise for each class, having increased by between 25 and 30 per cent. The payments made in supplementing unemployment benefit, however, showed a marked discrepancy, since in seventeen months they increased threefold. Nevertheless, the proportion of persons in receipt of unemployment benefit at the end of 1949 who had to have their benefit supplemented by assistance was roughly the same as that for those in receipt of sickness benefit or about 11 per cent.

The increase in the number of assistance payments is partly explained by the greater willingness of people to apply for assistance from the Assistance Board than for poor law relief from their local authorities. The chief reason is however the increase in the board scale rates, which lay down the weekly amounts considered necessary for subsistence. These scale rates were increased on July 5, 1948 and another increase was made in June of this year, the effect of which has as yet to become apparent in the payments figures. The danger is that the greater the number of people who have to apply for assistance to supplement their insurance benefits, the greater the pressure for an increase in those benefits, because they are paid without any test of needs.

Stalin's Point Four

Technical gusto and some lyrical prose have marked the entry of Soviet propaganda into the field of Point Four publicity. Indeed, the Commonwealth representatives who have been planning further aid for South-East Asia might do worse than call for a report on the press and radio material that has come out of Moscow since the first week of September. It is no disparagement of the gigantic creative projects "for transforming nature" that the Russians have in mind to say that they are very long-term indeed; what is interesting is the motive behind the present burst of publicity. It may be intended to keep alive the memory of Communist idealism at a time when the world associates the Party with sordid, unscrupulous and not entirely successful power politics. It may, too, be intended to keep Russian eyes directed at a peaceful horizon instead of the grey and fearful world around. And there is of course the regular need to claim that only socialised industry can produce technological triumphs.

The greatest attention has been given in *Pravda* to plans for Central Asia. There is to be, for instance, the 700 mile long Turkmenian Canal, which is to "increase several times" the number of live-stock in the Turkmenian Republic and provide three great hydro-electric stations. When it is completed there will exist a network of inland waterways over which "cargoes will be carried from the shores of the Arctic Ocean to the blossoming oases of Central Asia". Over a million hectares will be irrigated for growing cotton and another 500,000 planted with shelter belts and reclaimed from the sand.

As Soviet policy reveals itself over the next few weeks at Uno it will be worth remembering two things: that since the first week in September the public in the Soviet Union has had its attention concentrated on reconstruction in contrast to the destruction in Korea; and that a few lines on back pages are all that they were told of the American landings that turned the tide of war in Korea.

Commonwealth Defence

Commonwealth ideas on peacetime defence commitments are changing with quite remarkable speed. Mr Menzies has been urging Australians to accept service abroad as a normal part of the duties of their forces; Mr Erasmus has made in London tempting suggestions about the help that South Africa might give in defending the Middle East; and on Sunday Mr St. Laurent said that Canada would be willing to send its 'special army force' of 10,000 men to Europe, as part of the deterrent plans of the Atlantic Pact powers. It would be interesting to know what part was placed by Commonwealth consultation in decisions of such far-reaching importance.

Books and Publications

"The Customs Union Issue" by Jacob Viner. Carnegie Endowment for International Peace, New York. London: Stevens. 221 pages. 20s.

Forming as it does the last volume of a series of "Studies in the Administration of International Law and Organisation," this book presents the customs union question in the round, in its political and legal as well as in its economic aspects; and one may safely predict that it will rank as the standard work on its subject. Though Dr Viner has not attempted an exhaustive history of the customs union movement, he has set his matter solidly against its historical background, a precaution particularly important in dealing with the legal relationship of customs unions to pre-existing commercial and political treaty obligations. In his shrewd and elegant analysis of the economics of the customs union he moves on to a higher plane of abstraction, but always with a warning against *a priori* judgements; the effect, for good or ill, of any union depends on the particular circumstances of the tariff policy. Politically, the motives of customs union are generally related either to aggression or to fear of aggression; economically, much the same can be said of most unions proposed in the past. (It is interesting to note that the late nineteenth century saw a vigorous movement for a European customs union as a defence against menacing American competition). The book ends with an account of the Havana Charter as it affects both customs unions and other discriminatory arrangements.

Dr Viner administers some jolts to his readers. It is disconcerting, though illuminating, to follow his demonstration that customs unions between pairs of complementary economies are likely to constitute a step away from free trade - gains in this respect result only when the uniting economies are competitive - or that in the balancing of the pros and cons of customs union projects internal freedom of trade has generally been regarded as a liability rather than an asset, and the exclusion of foreign goods as the benefit thus purchased. Certain of the obstacles to customs unions (whether liberal or illiberal in intention) which have lately been debated, he treats comparatively sketchily; his chapter on "Political Aspects" deals with the relation of customs union to national independence, but not with the difficulties confronting prospective partners (as in Benelux), which have widely different political philosophies and correspondingly different tax policies. He is definite enough, however, on the related question of the supersession of tariffs, and even of quantitative import restrictions, by central planning, whether direct of through publicly sponsored cartels. Cautiously, he concludes that Western Europe as a whole could benefit economically by customs unions, but that the case for smaller unions must be made, if at all, on other than economic grounds.

* * *

"Seven Fallen Pillars" by Jon Kimche. Secker and Warburg. 326 pages. 15s.

It is always entertaining to read a book about well-known people, especially if it is brightly and amusingly written. Mr Kimche's work fulfills those requirements, especially as he claims at least a nodding acquaintance with most of the leading personalities, Arab, Jewish, and British of the Middle East. Unfortunately, the merits of the book end there. For anything more than entertainment it is spoiled by innumerable errors of facts and by half-truths and false emphasis which make it a most unreliable account of a problem and a part of the world already sufficiently obscured by propaganda.

It would be wearisome to record all the errors, but a few examples must be given. He speaks of the British censorship in Palestine at this period. So far as foreign correspondents were concerned, there was no censorship and anyone could write or cable for publication anywhere in the world just whatever he wished. There was a bumbling but by no means savage internal censorship aimed at preventing incitement to revolt. It was a Colonel Oliver Roget and not General Beynet who ordered the bombardment of Damascus. Col. Roget was senior French officer in Damascus; General Beynet was High Commissioner with his residence in Beirut. He complains, on Page 285, of "The grudging release (to Egypt) of small annual sums after long haggling..." If he would look up the figures, he would discover that these small releases have been sufficient to give Egypt, in its free account, at least £60 million more than it has been able to spend.

One is so accustomed by now to allegations that the Great Powers - nearly always Britain - are responsible for everything bad that happens anywhere in the Middle East that one is inclined to accept them without comment. Certainly Britain, America and France influence some of the Middle Eastern countries some of the time; but Mr Kimche's acceptance of Britain's alleged role in the Arab invasion of Palestine displays either ignorance, malice or an astonishing credulity which lessens the force of some of his well-merited strictures on general British policy.

It is not easy to understand Mr Kimche's object in producing this work. In his introduction he states that it is an attempt to "tell the story of the Middle East during the five fateful post-war years". But it is a very one-sided story, concerned more with misleading allegations of British iniquity than with any true appreciation of the facts.

AMERICAN SURVEY

Election Handicap

If the Republicans are to win both Houses of Congress in November, as they did in the mid-term elections of 1946, they need a net gain of seven seats in the Senate and forty-seven in the House of Representatives. Unless something more than the normal swing away from the party in power occurs - and the latest news from Korea makes such a swing less likely than it seemed a few weeks ago - the only Democratic Representatives in danger will be those who won by a margin of less than 5 per cent of the total vote in 1948. There are not enough in this predicament to suggest that the opposition will recover more than about 30 seats, although in the process many of the most promising young men in Congress may be defeated. To win control of the Senate will be an even harder proposition and only the most optimistic Republicans believe that it can be done.

There are thirty-six Senate seats up for election, but the number where a change of representation is possible is much smaller. There are ten Southern seats where Democratic incumbents will come back for another term whether this is a Republican year or not, and two more where there will be new faces but no change in nominal allegiance to the Democratic Party. There are six other seats where the Democrats should be safe, though in three they will have to fight hard. The Republican machine in Rhode Island has disintegrated into quarrelling factions, leaving the field to a popular Democratic Governor, Mr Pastore. Mr Magnuson should not have much trouble in the State of Washington and Senator Tydings has apparently triumphed over the disadvantage of having been chairman of the sub-committee investigating the charges of Senator McCarthy. Senator Elbert Thomas has strong opposition in Utah, but probably not quite strong enough, and Senator Lehman, who was running for the last two years of Senator Wagner's term when he beat Mr Dulles last year, has to try again in New York, a State where nothing is ever cut and dried. Nevertheless, he should survive and so should Representative Monroney who just managed to beat the other, and less admirable, Senator Thomas in the Oklahoma primary.

On the Republican side three of the best men in the Senate are certainties - Mr Aiken of Vermont, Mr Morse of Oregon and Mr Tobey of New Hampshire (after a desperate struggle in the primary); so are three less interesting men in the Dakotas and Kansas. There are four other Republicans, in Wisconsin, Idaho, Iowa and Indiana, who should win unless Democratic strength grows appreciably in the next four weeks. Senator Wiley is, and deserves to be, the most secure, the other three being easily expendable. Mr Dworshak, a dim figure, was beaten in Idaho in 1948 and reappointed by the Republican Governor when his Democratic opponent died some months later. Both Senators Hickenlooper and Capehart are being given harder fights than Republicans usually have in the Middle West by men who resigned from government jobs to tackle them. Mr Loveland was Under Secretary of Agriculture before he took on Senator Hickenlooper, a man with an infinite capacity for looking ridiculous. Mr Campbell, an ex-Assistant Attorney-General, would beat Mr Capehart, who has the face, figure and prejudices of the wealthy manufacturer that he is, anywhere but in Indiana, which prides itself on sending its worst men to the Senate.

There remain seven Democratic and three Republican seats where a change would not be surprising. And in some of them important men in the party are in danger. Every week Senator Taft's prospects look more shaky, even against an inadequate opponent. On the other hand, Senator Milliken, chairman of the Finance Committee when his party is in power, has a more than adequate opponent in Colorado, Representative Carroll, one of the best young Congressmen to appear since the end of the war. Mr Milliken will probably lose and so will Senator Donnell in Missouri, if the prophets are right.

The Democrats have even worse troubles. The majority leader, Senator Scott Lucas, lacks the character for a position of such responsibility. But his defeat would bring to the Senate Mr Dirksen, who made a certain reputation in the House during the Marshall Plan debates, but has lately decided that the support of the *Chicago Tribune* is worth a turn of coat. The Democratic whip, Senator Myers, would be a real loss, but Governor Duff, who looks like beating him in Pennsylvania, would do much to compensate for it by strengthening his party's internationalist wing. There are also doubts about the chances of Senator McMahon, the Chairman of the Atomic Energy Committee, as Connecticut is normally Republican. If he goes, so too will Senator Benton in the other Connecticut seat. It would be more pleasant to think that Senator McCarran will lose in Nevada but it seems that wishful thinkers may have exaggerated his opponent's chances. In Idaho, however, a Republican victory is very likely.

Finally, there is the struggle in California between two Representatives, Mrs Helen Gahagan Douglas and Mr Nixon. Mrs Douglas's heart, which sometimes acts without consulting her head, has led her in the past into some organisations which, in the present atmosphere, leave her open to attack. Her opponent, as a member of the Un-American Activities Committee, is just the man to take advantage of this weakness and, in these times, he will probably win.

American Notes

Full Speed Ahead?

With the Korean emergency no longer in the driver's seat, will the rearmament drive continue full speed ahead? To General Bradley, the greatest present danger is that the United States may let down its guard now the Korean fighting is nearly over. Mr Truman recognised the risk when he promised last week that there would be no slowing down in the effort to strengthen western defences.

Two members of the Cabinet with a known preference for "business as usual" - Mr Snyder and Mr Sawyer - went out of their way to insist that no matter how quickly peace was restored in Korea, taxes would have to be increased again next year, and that there was little hope of avoiding federal controls over business. The uncertainties which prompted a break in commodity and share prices on the better news from Korea are thus not of the Administration's making. General Bradley has its full support for his statement that it would be fatal to hesitate now or to fall short in the despatch of the troops or equipment promised for the defence of Europe, the key of North Atlantic security.

This means that conscription will have to be applied more, not less vigorously, to raise and maintain an armed force of three million men; it means a probable addition of $10 billion to the $30 billion already voted for defence this year. And the Administration is convinced that foreign economic aid must be continued and preferably expanded.

With American troops no longer under fire, the enthusiasm for this costly three-point programme is bound to be somewhat blunted, even though the Republicans do not actively oppose it. And even if Congress does not refuse to vote the sums needed, there is a danger that it will refuse to raise them by new taxation. This would add fresh fuel to the existing inflation and cause hardships and resentment which might have been avoided. The Administration is rightly making every effort to show that the victory in Korea is only a first step toward making peace secure.

Hands for the Job

Factories and farms, as well as the forces, now hang out permanent 'Help Wanted' signs. The forces alone need more than a million men from a fully employed economy if the goal of three million in uniform is to be met by next June. It is clear that the services must relax the standards which now lead to the rejection of half the men called up. If, in addition, Congress permits the conscription of veterans and the President tightens up exemptions based on dependency, the need can be met by the 19 to 25 year olds. But first the services must satisfy two Congressional committees that they are not wasting manpower, and that certain elementary notions of justice are observed. Today, a childless marriage may excuse a conscript, while a Reservist with ten children is not exempt.

Another problem certain to become acute is the competition between industry and the services for technicians. Many Reservists and National Guardsmen are highly skilled, and it is not forgotten that in the last war the factories were stripped of key workers who eventually had to be released. A realistic deferment policy is urgent if this is not to happen again. A skilled worker is already a pearl of great price, although most of the new war contracts have not been let, and pirating and hoarding of workers have been revived despite official remonstrances.

There is no scarcity, at this stage, of untrained workers and the next nine months should not present great manpower difficulties. In a war emergency, the present labour force of 64 million (including 2.5 million unemployed) could be expanded by drawing upon 5 million housewives, young people, handicapped and elderly persons. This reserve is smaller than it was in 1941, apart from the 8 million unemployed available then. One legacy of the depression, with its low birth-rate is that the increase in the working population has not kept pace with that of the whole population; and with more babies and old people to care for, women will not find it so easy to take jobs. Many of those who found they liked working, in the last war, have stayed in their jobs and will not always be able or anxious to move to more essential tasks. Finally, one of the prices of the spread of industrial pensions is that it discourages men - and women - from changing their occupations.

CBS at the Rainbow's End

Unless the Federal Communications Commission changes the mind it has had such difficulty in making up, the Columbia Broadcasting System will soon be dipping into the pot of gold at the end of the television rainbow. CBS's two rivals in colour television, who so far cannot meet the FCC's standards, had hoped for approval because of their 'compatibility': they use the 525-line picture of American monochrome television, while CBS's process has 405 lines. Owners of existing sets would need adapters to receive CBS programmes in black and white as well as converters to colour them.

The Commission decided, to most people's surprise, that the best possible colour in the future was more important than compatibility in the present. It tried to safeguard purchasers of new sets from obsolescence by asking manufacturers to concentrate on sets that would reproduce both types of picture, even if only in black and white. But for the time being the industry is far more interested in finding enough materials, labour and components to satisfy the present demand than in experimenting with new models. It does not look as if royalties on colour patents will be showing up in black and white on the profit side of CBS's accounts for some years yet.

THE WORLD OVERSEAS

Australia's Emergency (2)

(From Our Melbourne Correspondent)

In the main, Australia is following a pattern of economic development similar to that of the United States over the last 100 years. From an economy based predominantly on rural production, Australia has become one of the most highly industrialised countries in the world, measured by the proportion of total workers employed in factories. Further development can be achieved only with the assistance of a large increase in the working population coupled with a large flow of imports of capital goods and essential raw materials from overseas. The impact on the economy of a large number of new settlers, brought in under a vigorous immigration programme, initially causes certain strains and stresses; but these should ease as the increased labour force, working new equipment, becomes productive and is able to make a net contribution to the nation's wealth. An Australia which is strong industrially is also strong from the point of view of defence; and for this reason a deterioration in the international situation could cause the acceleration of certain aspects of the development programme and the re-casting of others.

The overall plans for development, which are being co-ordinated by the new Ministry of National Development, envisage a great expansion of agriculture, a stepping up of hydro-electric power capacity, the rehabilitation and modernising of the railways, the expansion of production of black coal and with it the output of steel, the development of non-ferrous metals mining and a general expansion of manufacturing capacity of essential industries. The actual carrying out of the development work will be in the hands of the States as a general rule; but in the case of the great Snowy River hydro-electric scheme, involving the construction of 16 power stations with an installed capacity of 2,960,000 k.w. at a cost of £125 million, the work is being done by a Commonwealth authority.

Strength and Strategy

The incalculably vital strategic position which Australia holds makes it of more than passing interest to Britain and the United States to see the Commonwealth an efficient and self-sufficient economic unit. By reason of its particular geographical position, a highly industrialised Australia with a population of 11 million would possess a strategic importance far greater than the actual number of people living on the Continent would indicate. The experience of the last war showed that Australia, with a relatively small population of 7½ million, was not only able to supply the Allies with large quantities of food and raw materials, but was also able to arm and equip its own forces and supply in addition other armies with much of their war material.

Australians know full well that they cannot expect to hold indefinitely a vast undeveloped land mass of 3 million square miles - the area of the Continental United States populated by a mere 8 million, while there are millions of land-hungry people to the north. They know that they can only justify their holding of so large a domain if they themselves take active steps to exploit and develop its natural resources.

Sensitive Economy

Although Australia is no longer predominantly a primary producing country, the economy is exceedingly sensitive to fluctuations in the volume of the export income. High export prices, such as have been enjoyed since the end of the war, have had the effect of setting in train a process of monetary inflation which today is threatening the stability of the economy.

The official index ('C' series) of retail prices has risen by 74.3 per cent above the average of the three pre-war years. This means that the purchasing power of the Australian pound is about 11/6 compared with 1939. At the same time, the nominal wage rates of males have risen by 92.7 per cent, resulting in an increase in the 'real' male adult wage of 14.6 per cent. The retail price index shows no sign of slackening in its upward trend of about 10 per cent per annum while money incomes have been rising much more rapidly than the supply of goods. The volume of money has increased by £A620 million, or 42 per cent, since the end of the war.

These inflationary trends are likely to be stimulated in the current year by increased prices for wool which could well swell the nation's wool cheque to £A400 million. This is why the buoyant opening of the season's wool sales, although causing jubilation among wool-growers, has led to serious misgivings about its beneficial effect on the community as a whole. The inflationary effect of the steep rise in export income, without a corresponding increase in imports, is generally realised in Australia; and for this reason Professor Sir Douglas Copland's suggestion for a 33 1/3 per cent export levy on the proceeds of wool, to insulate the economy temporarily from the inflationary effect of high prices, has found

muc support. The secondary inflation that would develop from an increase in wool exports of £100 million would be considerable.

It is clear that any serious aggravation of the present state of inflation would have a very deleterious effect on the success of development schemes. As the Bank of New South Wales recently observed: 'A large volume of immigrants can be absorbed without trouble only if they are accompanied by a high rate of new investment.' Sufficient experience has not yet been gained to determine, however, if new capital can be accumulated either from imports, or by increasing production of capital goods in Australia at the expense of other manufactures, and on a scale to meet development demands without worsening inflation.

Frontier Mischief

By a Correspondent

Behind the iron curtain consistency in politics is regarded as a bourgeois virtue. So there must not be too much surprise at the fact that the Fatherland Front Government in Bulgaria is posing as champion of the rights of its Turkish minority, at the very time that its disregard for the individual liberties of Bulgarians - guaranteed by the peace treaty - is on the agenda of the United Nations General Assembly. Here is a useful piece of minor mischief to be done, which fits well into the Cominform policy of making trouble all round the Soviet periphery.

The minority in question, descendants of colonists during the long years of Ottoman rule, number about half a million out of a total Bulgarian population of just over 6 million. Almost all are peasants, living in separate communities in the eastern and south-eastern districts, maintaining their traditions, their language and their Islamic religion. In August Mr Chervenkov's government suddenly announced that 250,000 of these people wished to emigrate to Turkey. In an offensively worded Note it demanded that the Turkish Government should accept them within three months. It invoked the agreement between the two countries of 1925, which guaranteed the principle of voluntary emigration, and charged the Turks with deliberate delay in granting entry visas and with imposing political conditions on intending emigrants. To forestall the obvious retort the Bulgarian government explained that it was not ill-treatment which made the minority wish to leave but the deceitful promises of better living conditions held out by Turkish propaganda. Having sown the seeds of discontent, Turkey must now gather a bumper harvest of immigrants.

The Turkish Government was embarrassed. Opinion in the country is willing enough to welcome the immigrants but, as the Turkish reply to the Bulgarian Note pointed out, the time limit imposed is quite unpractical. The mass exodus proposed is far removed from any previous rate of emigration. The impact of such numbers on the Turkish economy would in any case be considerable; but the emigrants are being prevented from taking with them more than their personal belongings and become a charge on the state immediately on arrival - all of which is contrary to the terms of the 1925 convention. Moreover, there can be no guarantee that there may not be among the quarter of a million emigrants some whose object is to create mischief; so Turkey has reserved the right to refuse entry to those it considers undesirable. A Turkish mission [illegible] go to Bulgaria to discuss the problem. If negotiations fail Turkey is likely to raise the matter with the United Nations.

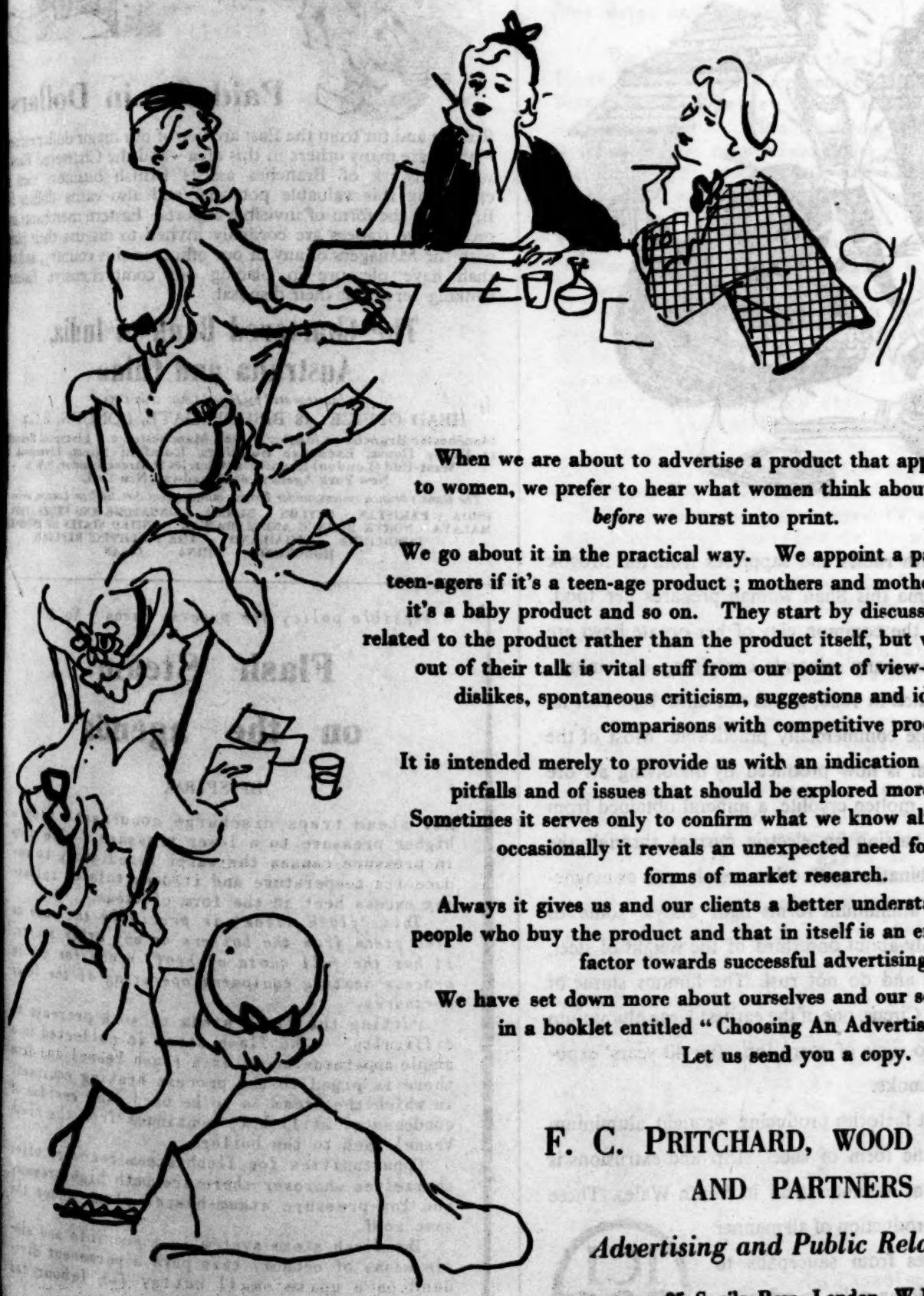
A Winter Exodus

It is very unlikely that this sudden urge to migrate is wholly spontaneous and voluntary. In spite of lavish Bulgarian protestations about the excellent treatment of the Turkish minority, there has been evidence of confiscation of property, arrests and other actions designed to make them think it well to leave the country. The motive of Bulgarian action may be no more than revenge for the slights which the government fancies it has received at Turkish hands; for relations between the two countries have been frigid for some time and the Fatherland Front government has always resented the welcome given by Turkey to political refugees. It is also in line with Cominform policy. From 1945 to 1948 the rate of emigration of the Turkish minority, which was 11-12,000 a year before the war, dropped to a thin trickle of 500 a year. The figure then rose suddenly to 25,000 and has since increased. These dates in Bulgaria, and other Cominform countries, mark the end of a stage in Communist policy; no longer are all and sundry invited aboard the 'ship of progress'. As recent purges inside the Communist parties and increased attacks on any remaining Social Democrats have shown, the decks are being cleared for action. There is no room now for the queasy passenger. The language, religion and peasant life of the Turkish minority in Bulgaria are formidable conservative obstacles to Communism. The Chervenkov government is unlikely to have overcome them all, and Bulgaria has no deserted hinterland in which to dump a dissident minority on the Soviet model. The danger of disloyalty among a population close to its eastern frontiers may best be removed by this drastic expulsion.

The Bulgarian action may also be designed to undermine the growing economic and military strength of the western powers' most important ally in the Near East. From the Cominform point of view, the arrival of a quarter of a million destitute and dissatisfied peasants in Turkey in the depths of winter would be a useful piece of minor mischief, while the possibility of smuggling in a few hundred agents doubtless heightens the value of the proceedings.

women matter . . .

even when they natter



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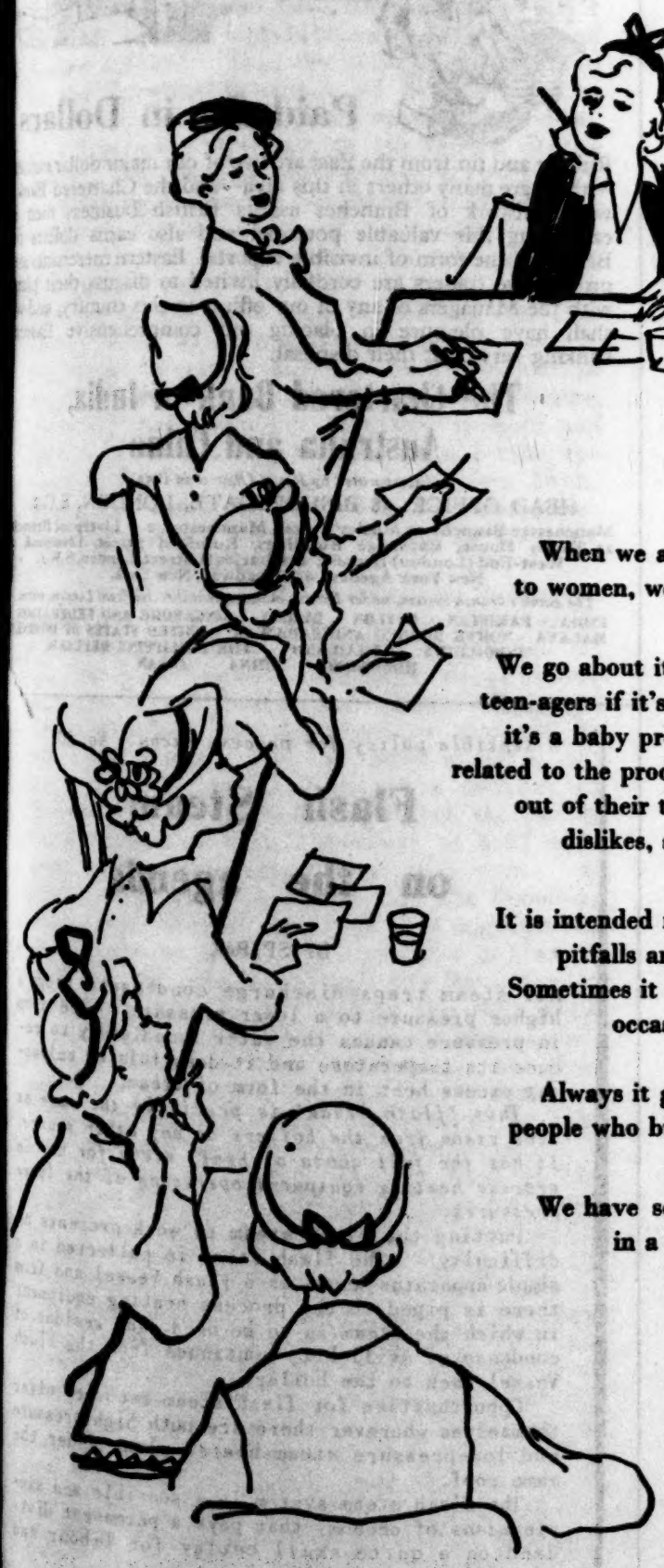

When we are about to advertise a product that appeals to women, we prefer to hear what women think about it *before* we burst into print.

We go about it in the practical way. We appoint a panel—of teen-agers if it's a teen-age product ; mothers and mothers-to-be if it's a baby product and so on. They start by discussing activities related to the product rather than the product itself, but what comes out of their talk is vital stuff from our point of view—likes and dislikes, spontaneous criticism, suggestions and ideas and comparisons with competitive products.

It is intended merely to provide us with an indication of possible pitfalls and of issues that should be explored more thoroughly. Sometimes it serves only to confirm what we know already, but occasionally it reveals an unexpected need for deeper forms of market research.

Always it gives us and our clients a better understanding of the people who buy the product and that in itself is an encouraging factor towards successful advertising.

We have set down more about ourselves and our services in a booklet entitled " Choosing An Advertising Agency." Let us send you a copy.

F. C. PRITCHARD, WOOD AND PARTNERS LIMITED

Advertising and Public Relations

25 Savile Row, London, W.1

Telephone: Regent 7080

ALUMINIUM

ADORNED with rubies and sapphires from the Mogôk mines of Burma this Shan woman prepares her food. These jewels and the common clay of her ornate bowl are but a few of the many minerals containing aluminium. Though first isolated in 1826, it was not until 1886 that its production became commercially practicable. Most of the world's aluminium is now produced by dissolving an ore named bauxite in molten cryolite, a mineral obtained from Greenland, and passing an electric current through the solution. In combination with other metals such as magnesium or copper, aluminium forms light alloys, some of which, though only about one third of the weight of steel, are just as strong and do not rust. The famous statue of Eros in Piccadilly Circus, one of the earliest large aluminium castings, shows no signs of corrosion after 40 years' exposure to London smoke.

One of the largest factories producing wrought aluminium and its alloys in the form of sheet, strip and extrusions is the I.C.I. works at Waunarlwydd in South Wales. These go to help in the production of all manner of finished articles from saucepans to aeroplanes, scaffolding poles to ashtrays, motor car parts to egg cups.

ICI

Paid for in Dollars

Rubber and tin from the East are two of our major dollar earne —there are many others in this area—and the Chartered Bank wide network of Branches assists British business men expanding this valuable potential and also earns dollars f Britain in the form of invisible exports. Eastern merchants a prospective traders are cordially invited to discuss their pla with the Managers of any of our offices in this country, and w shall have pleasure in placing our comprehensive Easte banking service at their disposal.

The Chartered Bank of India, Australia and China

(Incorporated by Royal Charter in 1853)

HEAD OFFICE: 38 BISHOPSGATE, LONDON, E.C.2.

Manchester Branch: 52 Mosley Street, Manchester, 2. Liverpool Branch: 27 Derby House, Exchange Buildings, Rumford Street, Liverpool.
West-End (London) Branch: 28 Charles II Street, London, S.W.1.
New York Agency: 65 Broadway, New York.

The Bank's branch system, under British management directed from London, serves
INDIA · PAKISTAN · CEYLON · BURMA · SINGAPORE AND FEDERATION MALAYA · NORTH BORNEO AND SARAWAK · UNITED STATES OF INDONESIA INDO-CHINA · THAILAND · THE PHILIPPINE REPUBLIC HONGKONG · CHINA · JAPAN

A sensible policy for process steam - No. 20

Flash Steam on the agenda

BY SPIRAX

All steam traps discharge condensate from a higher pressure to a lower pressure. The drop in pressure causes the water immediately to reduce its temperature and it does this by releasing excess heat in the form of steam.

This 'flash steam' is precisely the same as live steam from the boilers or any other source. It has the full quota of heat, ready for use in process heating equipment operating at the lower pressures.

Putting the flash steam to work presents no difficulty. The flash steam is collected in a simple apparatus known as a Flash Vessel and from there is piped to the process heating equipment in which the steam is to be used. The residue of condensate, still hot, continues from the Flash Vessel back to the boilers.

Opportunities for flash steam recovery offer themselves wherever there are both high-pressure and low-pressure steam-heated plant under the same roof.

The flash steam system is a sensible and simple means of economy that pays a permanent dividend on a quite small outlay for labour and material.

Correspondence to:
Spirax Manufacturing Co. Ltd.
(Economist Enquiries), Cheltenham, Glos.

THE BUSINESS WORLD

Canadian Dollar Freed

Last week-end the Canadian dollar was freed from its fixed rate of $Can 1.10 = $US 1 and left to find equilibrium with the United States dollar. This decision was justified by the Canadian Minister of Finance on the ground that at its previous rate, which showed a 9 per cent discount on the United States dollar, the Canadian dollar was attracting a disquieting volume of hot money that was endangering the stability of the Canadian economy. It has been officially estimated in Canada that more than $300 million had been sent across the 49th parallel during the last three months by American speculators anticipating an upward valuation of the Canadian dollar. Mr Abbott, the Minister of Finance, revealed that Canada's reserves in gold and United States dollars reached an all-time record of $1,789 million on September 30th, having increased by $534 million since June. During September alone there was an increase of no less than $285 million.

The rapidity of this increase in the reserves was a clear symptom of the undesirable inflow of short-term capital into Canada. It is true that Canada's balance of payments with the United States has recently improved considerably, but the current account is still in deficit. In the first eight months of this year Canada incurred a deficit of $110 million in visible trade with the United States compared with a deficit of $402 million in the comparable period last year. In these uncertain circumstances, the Canadian authorities decided that the most appropriate course was to allow the Canadian dollar to seek its own level, though the Minister of Finance hoped that ultimately the rate would return to parity with the United States dollar; he hoped indeed that even in the free market parity would soon be established and that fluctuations might thenceforth be limited to 1 per cent on either side of it.

Canada's decision must be read in the light of the disillusionment that followed the restoration of parity with the United States dollar in 1946. That attempt to escape from the consequences of inflation in the United States proved singularly unsuccessful - largely because the expected inflation hardly got going. Once again the menace of American inflation has raised its head but the Canadian authorities, having learned their lesson, decided to preserve their freedom of action and leave room for retreat if necessary, without having to admit defeat through yet another change in the official parity. Canada's dash for freedom in the exchange market is to be accompanied by a comparable freeing of imports from the United States in the new year. Meanwhile the Canadian dollar, after two days of free dealings, has been changing hands at $2.95½ to the £ and $Can. 1.05 to the US dollar.

Free Rates and the Fund

The decision to let the Canadian dollar float free was duly communicated to the International Monetary Fund, but at the last possible moment. The Fund has issued a communique which recognises 'the exigencies of the situation which have led Canada to the proposed plan' and takes note 'of the intention of the Canadian Government to re-establish an effective par value as soon as circumstances warrant'. Grudging approval can be read between every line of this frigid statement, and its tone can hardly cause surprise. Canada's action violently contradicts the spirit of the IMF agreement and represents one more breach in the idealistic international monetary structure for which plans were laid at Bretton Woods.

In present circumstances, however, it is a moot question whether the objectives of stability and equilibrium to which the Fund was dedicated are best served by a system of rigid official parities or by a regime of free market rates whose fluctuations are cushioned, as they were in the 'thirties, by stabilisation funds and exchange equalisation accounts. Rigid parities have often presented one-way options for speculative operations and have encouraged rather than deterred movements of fugitive and speculative capital. Given the rigidities of the present day world, where full employment, social security and encouragement for agriculture are accorded the highest priority, perhaps the only equilibrating and adjustable factor is now provided by exchange rates; if so, they will have to be given an even wider measure of elasticity than was contemplated under the Bretton Woods agreements.

Apart from the merits of Canada's action, it would however be unwise to generalise too readily from it and from the earlier precedent by France. An exchange policy fitting to these countries and to their essentially domestic currencies would not necessarily serve a currency such as sterling which is used to transact half the trade of the world. Mr. Gaitskell's visit to Washington and Ottawa next week will no doubt provide an opportunity for the discussion of these matters and their impact upon the pound.

Sterling Rumours and Rates

The freeing of the Canadian dollar rate has intensified the rumours of a possible revaluation of sterling in terms of gold and the dollar. It is significant that last Monday one of the immediate reactions of the

Stock Exchange to the Canadian decision was to mark down the prices of gold shares. Yet the Canadian action can by no stretch of imagination be regarded as offering a precedent for British policy. The freeing of the Canadian exchange, accompanied by a freeing of import licensing, is a symptom of the kind of liberal economic policy that seems least to commend itself to the authorities in Britain. Canada has led from impressive strength. Its present gold and dollar reserves, converted in terms of population, production and trade would be equivalent to a British holding of about $7¼ billion - still a long way from the figure of $2756 million at which the total reserves of the sterling area now stand.

It is true that certain rates for sterling continue to show signs of strength and confidence. Forward sterling is quoted in New York at 1¼ cents premium for three months. American importers with sterling commitments to meet are covering their exchange forward - in significant contrast to their behaviour before devaluation last year when they left their sterling positions wholly uncovered and postponed paying their debts to the last possible moment. As a result of these operations, a certain volume of short-term capital is in fact coming into London since the American banks that sell sterling forward at this attractive premium cover themselves by spot purchases and employ their funds in London as best they can. Other rates for sterling have, however, recently shown a somewhat more hesitant trend. The rate for security sterling, which was struck near the top of the prevailing range of quotations when the switching concessions were made, and thus touched $1.95, has since declined slightly to $1.90. Similarly the rate for transferable sterling which touched $2.69 in July of this year has since come down to around $2.59. This market, however, is deceptively narrow now that transferable sterling is limited to the finance of direct commercial transactions between two countries in the transferable group and can no longer be used in third country transactions. Confidence in sterling has been growing but the evidence of these free rates, all showing substantial discounts, cannot be ignored.

Rising Reserves

The ascending scale of recovery of the British gold and dollar reserves is not being maintained, though little fault is otherwise to be found with the performance put up in the third quarter of this year. In this period $334 million came into the reserve, compared with the previous quarter's increase of $438 million and $296 million in the first quarter of the year. The latest addition brings the reserve up to $2,756 million, which is more than double the low point of $1,340 million touched just before devaluation. As in the previous quarter, the latest addition to the reserve is in part the result of a genuinely earned dollar surplus in the trade of the sterling area. That surplus amounted last quarter to $187 million. The balance of the addition to the reserve was provided by ECA refunds of $147 million. This last figure compares with refunds of $240 million in the second quarter. The tapering off in the rising curve of the reserve is therefore more than accounted for by the reduction in Marshall Aid receipts.

The balance of payments figures which will be published in the near future are likely to reveal that Britain continues to operate an over-all surplus and that consequently no anxiety need be felt about the fact that a large part of the dollar earning should have been done by other sterling countries. It must not be forgotten that a great deal of the additional profits made by sale of commodities such as rubber did not accrue to the country of origin but to Britain itself, since the companies concerned are for the most part registered in Britain, and the profits earned on these commodity operations are therefore directly canalised to British accounts. It follows that the invisible earnings accruing to Britain should show a remarkable increase.

Coal Exports Flagging

Coal is not immune from the inflationary forces that have influenced the demand for other commodities in recent months; the buyer's market in Europe, so often heralded, has faded once more into the distance. The National Coal Board no longer has much cause to be worried about the willingness of overseas customers to pay high prices, but its worries about supplies are increasing. The purpose of Lord Hyndley's visit to Denmark and Sweden last week was to smooth over difficulties that may arise for the Scandinavian buyers of British coal if the board fails to export as much in 1950 as it had hoped. In these discussions prices did not play the important part that they would have done only a few months ago.

No doubt the board will do its best to carry out its export programme, but a few figures show how slender are its chances of full success. Saleable output (including opencast output) was 152 million tons in the first 37 weeks of this year, an improvement of 1,875,000 tons over the first 37 weeks of 1949. But a comparison of British inland consumption in the same periods shows an increase of 4,000,000 tons. How, then, can the board carry out the intended export programme of 22 million tons - 3,000,000 tons more than last year? In the first half of 1950 the board kept to its export programme, but distributed stocks were allowed to run down. Now, the Government having sounded the alarm, stocks are being rebuilt for the winter and exports have fallen off. Thus, at the end of June the export performance for the six months showed an increase of 1,375,000 tons over the first six months of 1949; but by mid-September the lead (measured over 37 weeks) had fallen to 390,000 tons. A spurt will be needed if the board is to equal in 1950 - let alone to exceed - the export performance of 1949. But a spurt in

exports will require a spurt in production, and it is not yet possible to guess how far the production drive will succeed.

European Coal Stringency

Not only British but also European coal markets have markedly changed in the last few months. In the first half of the year, the European coal trade seemed to be approaching that "equilibrium" of supply and demand to which the Coal Committee at Geneva has so long aspired. Germany, Britain and Poland were the chief suppliers; France and Belgium added a useful quota; imports from the United States had almost disappeared. In the summer such marginal suppliers as France began to find it economic to cut their production, and Holland (a little slow, perhaps, to read the signs) felt strong enough in July to enforce import restrictions on British coal because of its high cost.

This may have been the swan song of consumer resistance for some time to come. Poland has lately tended to reduce its coal exports to western Europe, and has shown no interest in attempts to attract extra supplies with tentative offers of higher prices. Ruhr output, which was running at more than 360,000 tons a day in March, failed to maintain the improvement and last month was in the neighbourhood of 355,000 tons a day. But German industrial consumption continues to rise, and doubts have been expressed whether western Germany will be able fully to meet its export commitments for the fourth quarter.

The immediate effect is that France can once more operate its marginal mines on full-time, and Belgium can get rid of the surplus stocks that, a few months ago, were unsaleable on considerations of price and quality. There has, as yet, been no sign of any significant resumption of coal shipments from the United States, but if the present boom in the heavy industries of western Europe goes on such a possibility will not be remote. A major relaxation in the international tension might once more change the outlook for coal as for other commodities. But for the moment at least the seller is again firmly on top, and only a few faint cries in the wilderness recall the clamour against dual pricing.

Rubber Unsettled

Rubber has been more sensitive than most commodities during the three months of fighting in Korea. Before hostilities started on June 25th the spot price in London was 1s.11d. a lb. On September 25th it touched 4s.2d., and then with the dramatic success of the United Nations forces, the price fell by September 29th to 3s.7d. a lb from which it recovered slightly to 3s.8½d. last Tuesday. The reaction in prices followed the stopping of stockpiling purchases by the American authorities. The improvement in the political situation has released the United States Munitions Board from the compulsion of buying without reserve and it can now pay more attention to market conditions. Industrial consumers also are less eager to accumulate large stocks than they were two months ago. A similar reaction in prices has occurred in the tin market, though the movements have been less sharp.

Demand for natural rubber is still at a high level. Consumption in the United States in August was 63,741 tons and in September more than 60,000 tons, according to provisional estimates. The average monthly consumption in the first half of the year was almost exactly 60,000 tons. When the increased supplies of synthetic rubber come on to the market, natural rubber may find itself in some difficulty to compete at 45 cents a lb with general purpose synthetic selling at 18½ cents. But rearmament and stockpiling will still provide powerful support, and no serious setback in prices is likely while they continue.

Copper Shortage

At least there is now uniformity of a sort in the New York copper market since Kennecott Corporation last week raised its selling price from 22½ cents to 24½ cents a lb. But although all American producers are now quoting a single price for copper, buyers are still having to pay anything up to 30 cents a lb for current supplies and the present tightness in the market seems likely to continue. Indeed, a review of world copper supplies by the Economic Co-operation Administration suggests that the potential copper shortage this year may be as high as 180,000 metric tons. World production in the first seven months of the year has been at an annual rate of 2,385,000 metric tons while consumption has been running at 2,305,000 tons. Some 260,000 tons are also needed for American stockpiling and defence programmes, and it is this addition to commercial demand that threatens to produce the deficit. Stockpiling is no longer a device for absorbing surpluses; it is now a prime cause of shortage of visible supplies.

Import requirements of the United States for copper are put at 450,000 tons - 260,000 tons for stockpiling and defence and 190,000 tons for civilian purposes. As the world's total exportable surpluses amount to little over 500,000 tons, the margin between supplies and requirements is very narrow. Imports of copper into the United States have so far been running at an annual rate of 350,000 tons; unless civilian consumption is restricted (by a further rise in price or by licensing), the American Government's buying programme may have to go short.

Half Year Surplus

In the first six months of this financial year ordinary revenue was £4,700,000 higher and ordinary expenditure £83 million lower than in the first six months of 1949-50; for the full year the Budget had contemplated a fall of £26 million in revenue and an increase of £80 million in expenditure (this

latter figure being struck before allowing for additional defence outlays). It would be dangerous to read too much into these figures and into the unexpected £70 million "above-the-line" surplus which they show. The decline in ordinary expenditure, almost entirely concentrated on the supply services, is surprising but it arises from an accident of the calendar and not from any change in Government policy. The small increase in ordinary revenue has resulted from higher customs receipts (which garner the chief harvest of the increased petrol tax) and are up by £40 million. The falls in income-tax and sales of surplus stores accord closely with the estimate but receipts from profits tax and EPT have already dropped by nearly £25½ million, only £1,500,000 less than the fall anticipated for the full year.

Net 'below-the-line' expenditure in the first six months of 1950-51 has amounted to £220 million compared with £294 million in the first half of 1949-50; for the full year the budget contemplated a decline of only £37 million - largely because a special non-recurring payment of £62½ million to public utilities for war damage was swept into the returns a year ago. Perhaps the most satisfactory feature of the latest return is the stability of loans to local authorities, at just under £133 million. They were expected to be £7,000,000 higher for the full year but at the end of the first quarter they were straining alarmingly at the leash - no less than £19 million above their total for the first quarter of 1949-50. But in this item too the six months' figures are not necessarily a reliable indicator of the year's eventual out-turn.

Earnings and Wage Rates

Average earnings of men and women in British industry are higher today than ever before in spite of the relative stagnation of wage rates. The half-yearly survey of earnings published in the Ministry of Labour Gazette shows that men's average earnings at the end of April, 1950, were 145s. 9d. a week and women's 80s. 6d. Many occupations - among them agriculture, coal mining, railways, dock labour, shipping, distributive trades, catering trades and domestic service - are not included in the survey; separate figures for coal mining and dock labour are given - for coal miners 186s. 10d. plus allowances in kind worth 8s. 8d. a week and for dockers 170s. 3d. a week. The average number of hours worked was also higher than it has been since 1946. Men worked an average of 47 hours a week, women 41.9 hours a week, while all workers averaged 45.6 hours a week.

Apart from coal mining and dock labour, the highest earnings were in metal manufacture in which men averaged 166s. 3d. a week for 47.5 hours work, paper and printing (men: 164s. 0d. for 46.7 hours), and vehicles (men: 162s. 7d. for 46 hours). The lowest earnings were in national and local government service in which men (wage-earners) earned 117s. 0d. for 44.9 hours.

Comparative figures for the last three years show that the increase in earnings has been faster than the rise in the retail price index. The index of basic wages, on the other hand, has remained remarkable steady, and has been outdistanced by the retail price index. Thus many industrial workers are meeting the increased cost of living by putting in more overtime and by receiving more incentive bonuses from employers. But those whose pay packets are determined by basic wage rates are becoming increasingly vocal in their demands for increases.

Shorter Notes

The Iron and Steel Corporation was established on Monday in accordance with the Government's announced intention. Mr. A. R. McBain, a retired official of the Ministry of Supply and a part-time member of the Southern Gas Board, has been appointed a part-time member for six months to replace Mr. Maclean, who withdrew.

Preference and ordinary shareholders in Rootes Motors are offered 1,250,000 4s. ordinary shares at 21s. per share. The offer involves one quarter of the Rootes equity which has hitherto been held by the Rootes family.

The index number of industrial production as provisionally estimated by the Central Statistical Office fell from 143 in June to 134 in July. The index for manufacturing industry fell from 150 to 138.

As from October 30th the London Stock Exchange is to remain open for another half hour until 3.30 p.m.

* * *

STATISTICAL SUMMARY

Finance	6 months ending Sep.30 1949	1950
Total Ord.Rev. £'000	1,577,428	1,582,060
Total Ord.Exp. £'000	1,586,937	1,503,430
Sinking Fund £'000	8,397	8,763
Ord. Surplus (+) or Deficit (-) £'000	- 17,906	+69,868

	Week ending Sep.23 1950	Sep.30 1950
Total Ord.Rev. £'000	56,379	74,032
Total Ord.Exp. £'000	44,650	111,209
Total Nat.Debt. £mn	26,205	26,244
Total Floating Debt £mn	5,905.9	5,931.9
Tr: Bills allotted £mn	240.0	240.0
Av. rate per cent	10s.5.21d.	10s.3.23d.

Gilt-edged Yields per cent.	Sep.26 1950 £ s. d.	Oct.3 1950 £ s. d.
Consols 2½% •	3 9 3	3 8 9
War Loan 3% (1955-59) /	2 7 10	2 5 11
Funding 3% (1959-69) /	3 2 6	3 2 0
War Loan 3½% (after '52) •	3 14 0	3 13 9
Br.Elec. 3% (1968-73) /	3 4 3	3 4 3
Br.Trap. 3% (1978-88) /	3 7 0	3 6 10

• Flat yield
/ To earliest date / To latest date

Company Meetings

VITAMINS LIMITED

"Twilight" Health

At the annual general meeting recently, Mr H.C.H. Graves, chairman, said we knew the shareholders would expect a few words about the role of Bemax, the best known vitamin, mineral and protein food in the world. They heard many complaints all round of a feeling of frustration, of fatigue, of being "under par". They still heard, even in these days, of listless children and of infants who did not grow as rapidly as they should. The National Health Service would treat them and us when we were ill - but what about when we were not really ill - just "below par"? It was the twilight stage, the "betwixt and between" period which most dramatically benefited from the steady use of Bemax.

How different many of the frustrated and listless would be on Bemax. Some recipes for good health were a little unpleasant and not easy of acceptance, but Bemax with milk or fruit juice, in soup or sprinkled on food, was so delicious and added such zest to life that it was incredible that anyone who had the opportunity should fail to give it a trial; still less that anyone could deny their children the benefit of it. If it were expensive there might be some excuse, but one packet of cigarettes less a month (yes, a month, not a week) would pay for all the Bemax one needed.

Although most thought of Bemax as a vitamin food, its content of first-class protein was as high as that of best quality beef. There was no need to be short of protein when you could buy Bemax - the normal intake of one ounce giving the protein equivalent of 3 ounces of bacon daily.

The report and accounts were adopted.

KEPONG (MALAY) RUBBER ESTATES

Increased Demand For Latex

The forty-fifth annual general meeting of this company was held on September 20th in London, Mr T. J. Cumming (the chairman) presiding.

The following is an extract from his circulated address.

It will be seen that estate expenditure for 1949 was £52,934 greater than in the previous year, and that receipts from sale of crop were up by £62,075 on an output of 14,282,000 lbs. compared with the 1948 figure of 13,072,000 lbs.

It is proposed to pay a dividend of 4 per cent., less income tax, making a total of 7 per cent. for the year, to transfer to rehabilitation account £50,000 and to provision for replanting £30,000, leaving £59,000 to be carried forward.

There has been a considerable change over from sheet manufacture to latex production and additional plant and machinery have been installed to meet the increasing demand for our latex. We have, as I informed you last year, established definite trade names for our latex and we are doing everything possible to improve the standard of our products.

The two port storage installations at Singapore and at Hull, in which we are financially interested, are being kept busy and are vitally necessary to enable us to supply the ever-increasing demand for latex in bulk.

The present high prices for rubber latex do, of course, enable us to make substantial profits, but taking the long view we believe that lower prices which would give us a good profit would be advantageous to the industry. The chairman announced that the board would give early consideration to the payment of an interim dividend.

The report was adopted.

SCRIBBANS-KEMP, LIMITED

Considerable Development

The 23rd annual general meeting of this company was held on 21st September in London, Mr. H. Oliver-King (chairman and managing director) presiding.

The following are extracts from his circulated statement:-

The year has been a particularly difficult one, in that the raw materials available for manufacture have been considerably limited, and also there has been a constant rise in expenses.

In spite of these difficulties it is satisfactory to be able to report to you that the trading profits of the group are slightly ahead of last year at £1,597,492, though, due to the expenses aforementioned, the net profit is slightly down.

During the year we have successfully established companies in South Africa, Canada and U.S.A.

Your company have acquired on satisfactory terms the whole of the share capital of the old-established biscuit manufacturing company of Wyllie Barr and Ross, Limited, of Glasgow, and I am able to report that trading since its acquisition has been satisfactory.

During the year there has been some considerable development on the retail side, chiefly with Meesons, Limited, the number of retail sweet shops having been more than doubled during the last five years.

Total reserves amount to £4,063,208, and current assets at £3,087,725 show a balance of £2,121,365 over the current liabilities and provisions.

Since the end of the financial year, there has been some slight recession of trade and evidence that the spending power of the public is somewhat restricted which may show itself in next year's accounts.

The report was adopted.

HACKBRIDGE CABLE HOLDINGS

Continued Progress

The annual general meeting of this company was held on September 21st in London, Mr. Claude I. Steen, chairman of the company, presiding.

The following is an extract from the chairman's circulated statement:-

It gives me much pleasure to be able to present satisfactory accounts and to report continued progress in your group's development.

The turnover for the year under review showed an encouraging increase in all departments. Due to factors outside our control, costs have continued to rise with a consequent narrowing of our profit margin.

The consolidated figures of the company and its subsidiaries disclose a trading profit for the twelve months of £274,437, and this figure is after providing £34,069 for depreciation. This is an increase of £14,539 over the profit for the preceding year.

Your directors are pleased to recommend a final dividend of 12½ per cent, making 20 per cent in all for the year and leaving a carry-forward to the next financial year of £3,447.

It is extremely difficult to express any reliable view as to the future. In common with manufacturers generally, our industry is passing through a period of difficult trading conditions. Turnover for the first four months of the current year has been satisfactory, although it is lower than twelve months ago. Shareholders may rest assured that the group continued to be conducted as economically as is possible, compatible with efficiency, and I have no reason to doubt that the current year's results will again show a satisfactory return on the capital invested.

The report was adopted.

INTERNATIONAL DIATOMITE COMPANY, LIMITED

Continued Progress

The fifteenth annual general meeting of International Diatomite Company Ltd., was held on October 4, 1950, at Winchester House, London, E.C.2, the Chairman, Mr. E.W.D. Tennant, O.B.E. presiding.

The Secretary (Mr. Jesse Wood) read the notice convening the meeting, and the report of the auditors was read by Mr. H.J. Binder.

The following is the chairman's statement which was circulated with the accounts for the year ended June 30, 1950:-

In my Statements circulated to Shareholders with copies of each of the last three Annual Accounts, I was able to refer to the steadily improving position of the Company, and I am pleased once again to be able to report continued progress. During the twelve months under review your operating subsidiary Company, Moler Products, Limited, has again achieved improved results. That Company's turnover exceeded that of the previous year by 12½%, with production maintained at the maximum possible level.

In my Statement last year I referred to the proposed erection of a new section of Plant. This new Plant has been completed and brought into operation so that this coming year should again show an increase in output.

Good Order Book

Orders continue to come in freely, and with a good Order Book in hand, subject to the international situation, I am able to forecast another satisfactory year. In this regard, an encouraging start has already been made.

Our Danish sub-sidiary Company, a/s Fur Moler Kompagni, has made a profit and the losses made while the Company was in enemy hands have been now wiped out. Fur Moler has, during last year, supplied all the Danish Moler which Moler Products Limited required for its own consumption. The Quarries are in good condition, and the Company is in good heart.

In last year's statement, I explained in some detail that, due to previous writing off of Capital, the actual Capital used in your Companies is much larger than the figures shown in the Balance Sheet. The profit achieved and the proposed dividend, while they may be considered to be good, are not on an unreasonably high scale when the Capital actually employed in the business is taken into account.

I feel sure that the Shareholders will join the Directors in expressing their sincere appreciation of the satisfactory results to your Managing Director, Mr. Robert Wood, and to all the officials and employees of the Company.

The report and accounts were unanimously adopted, and a final dividend of 15 per cent., making 25 per cent. for the year, was approved.

The retiring director, Mr. E.W.D. Tennant, O.B.E. was re-elected. Messrs. Binder, Hamlyn & Co. continue in office as auditors.

MYTON, LIMITED

(Building And Civil Engineering Contractors)

Good Turnover Prospects

The fifteenth ordinary general meeting of Myton, Limited was held on September 20th in London, Mr A. Ridley Martin, O.B.E. (the chairman), presiding.

The following is an extract from his statement circulated with the report and accounts for the year 1949:-

In my address last year I stated that your directors and the management had continued to subject the whole of the organisation to the closest examination. This work has continued and our overhead expenses reduced wherever possible. I advised you last year that in November, 1948, we formed a new wholly owned subsidiary company called Industrial Joinery (Kingston), Limited. In the summer of 1949, in order to indicate the wider scope of its activities, the name of this company was changed to Kingston (Architectural Craftsmen), Limited.

During the period under review it was apparent to your board that further orders on any large scale for the factory built house, for the manufacture of which Minster Works have been equipped, were unlikely to be forthcoming. We therefore decided, in view of the considerable and favourable experience gained in the production of joinery for the requirements of this house, to expand this section and enter the market for building joinery and allied products.

Success Of New Venture

This venture is meeting with some success, and you now have a factory equipped and able to produce joinery of all types in large quantities. That this business is capable of even further expansion is proved by the fact that this factory has received an order for the production of 1,000 timber houses for Australia. Furthermore your company is securing orders for school furniture and equipment and for domestic furniture. Our other subsidiary company, Kingston Concrete Products, Limited, continues to operate successfully.

Myton (Scotland), Limited, took over the whole of the operations and management of our Scottish factory as from October 1, 1949, and has developed so satisfactorily in 1950 that your directors considered the best interests of the group would be served by transferring to the company the whole of the area building department as well. This transfer has recently taken place, so that the whole of our interests in Scotland are now embodied in this Scottish subsidiary. The company is at present engaged in the production and erection of over 400 non-traditional houses in Scotland, and is also carrying out contracts for traditional houses and school buildings which will bring a considerable expansion of turnover in 1950.

Our building and civil engineering business in England, carried out by your parent company Myton Limited, has been adversely affected by the small number of contracts obtained in a highly competitive market, and following on the completion of our contracts for factory built houses so reduced the turnover as to make it difficult to maintain such an extensive building organisation. However, we have recently secured several large building contracts, including two technical colleges at Birmingham and Billingham.

The report was adopted.

Notices

Chartered Accountants, under 40, wishing to widen their experience while engaged in lucrative employment, are invited to submit applications for a progressive appointment with a well-known industrial organisation. Only those who have held responsible positions in industry will be considered. Knowledge of standard costing, budgetary control and modern accountancy practice essential. Post involves considerable responsibility and carries correspondingly high salary. Fullest particulars, in strictest confidence, to Box 514.

ADVERTISE ! ADVERTISE ! ADVERTISE ! These words conclude a recent letter to 'The Times' from Mr. George Bernard Shaw. Although Mr. Shaw was advocating national propaganda, his sage advice applies with equal force to commerce. Sound and sustained advertising - such as is produced by Samson Clarks - is the gateway to growth and greater prosperity - Samson Clark & Co., Ltd., 57-61, Mortimer Street, London, W.1. Museum 5050.

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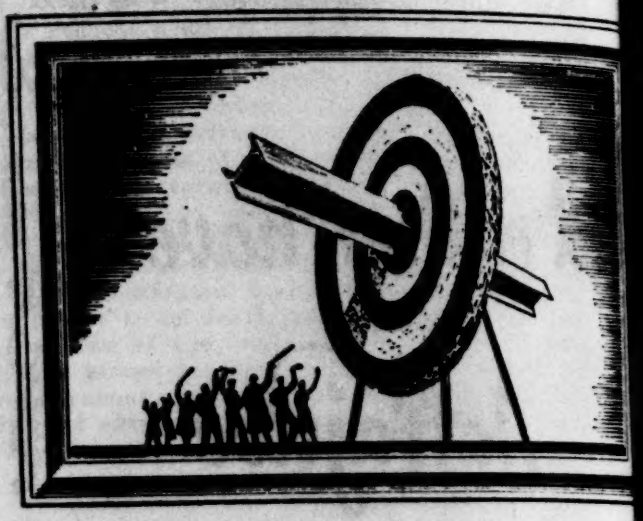

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